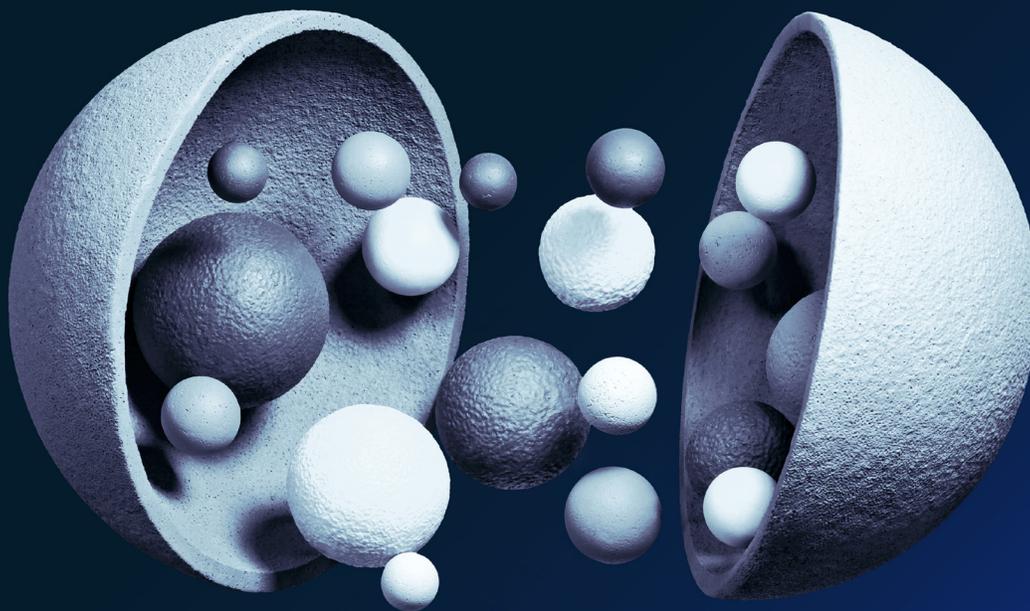


Risk Practice

COVID-19 briefing note #41, February 3, 2021

Executives still feel positive about the economy, advanced industrial companies are plotting their exit from the pandemic, and more.



The pandemic continues to dominate global economic sentiment. In our newest McKinsey Global Survey of more than a thousand executives from all industries, the outlook is still positive, though not quite as strong as in early December 2020 (exhibit). Majorities of executives continue to believe that conditions in their home economies and in the global economy will improve over the next six months.

We also ask leaders about their home countries. The story there is mixed. Sentiment in India is up and is nearly as positive as it is in China. But in Asia-Pacific and Europe, the share of executives that is optimistic fell by double digits. And in Latin America, just 30 percent are optimistic, the lowest figure globally.

Advanced industrials companies are among the world's largest—and those most affected by the pandemic. Worldwide, these firms (including

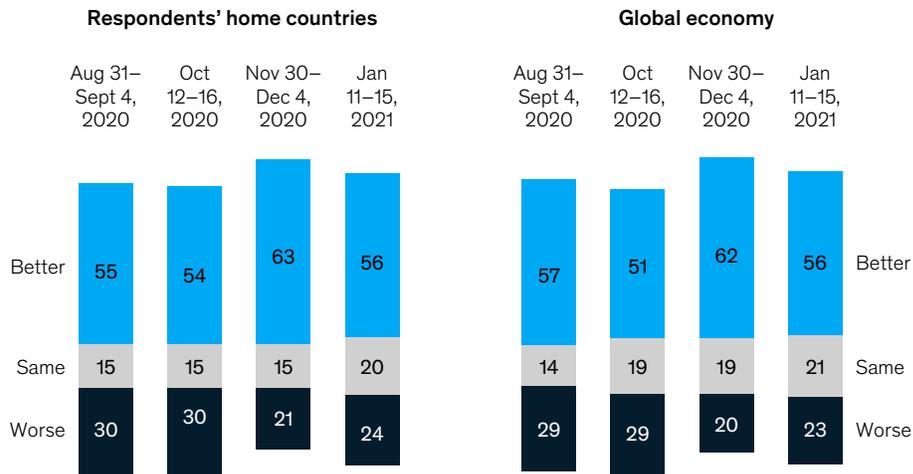
advanced electronics, aerospace and defense, and automotive and assembly companies) employ almost 25 million people and generate about \$9.3 trillion in annual revenue. The crisis has hurt sales, margins, and growth. In our new comprehensive report, we outline ten actions that industrials can take to undo the damage and pivot to a postcrisis future. Among the ideas: take advantage of the stunning developments in e-commerce. Companies that embed digital sales into their marketing models see five-times-faster revenue growth compared with previous levels, as well as 30 percent higher acquisition efficiency and cost reductions of 40 to 60 percent within sales.

Our researchers continue to track the long-running crisis of our time: climate change. In a new report, we address the potential for voluntary carbon markets. Some companies need carbon credits

Exhibit

Executives maintain a positive outlook on the economy, though their views have tempered.

Expected changes in economic conditions, next 6 months,¹ % of respondents



¹Figures may not sum to 100%, because of rounding. Sept 2020, n = 1,138; Oct 2020, n = 2,264; Dec 2020, n = 1,382; and Jan 2021, n = 1,025.

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to offset emissions they can't get rid of by other means. Others might have credits to sell. But carbon markets have a mixed track record. To build a better one, buyers, sellers, and a few other stakeholders need to come together. Our research for the Taskforce on Scaling Voluntary Carbon Markets, led by Mark Carney and Bill Winters, explains what's needed. And in this week's edition of the *McKinsey Podcast*, McKinsey experts discuss what can be done to truly decarbonize global business at scale.

Also new this week, we outline a new portfolio model for biotech; consider the potential for "smart quality" assurance in pharmaceuticals; and share tips for government leaders to unlock diversity and inclusion. Finally, we are pleased to speak with Richard N. Haass, president of the Council on Foreign Relations, about his new book *The World: A Brief Introduction* (Penguin Press, May 2020), in the latest installment of *Author Talks*.

With vaccinations underway, executives everywhere are thinking about the critical next months of the

pandemic. Start with the McKinsey Download Hub to find McKinsey's latest research, perspectives, and insights on the management issues that matter most, from leading through the COVID-19 crisis to managing risk and digitizing operations. Also consider our special collection The Next Normal: The Recovery Will Be Digital. The first four installments—a 172-page report on technology and data transformation, a 130-page report on the path to true transformation, a 206-page report on reimagining the postpandemic organization, and a 157-page report on the challenge of climate change—are available now. The final installment is coming as part of Our New Future, a multimedia series we created with CNBC.

You can also see the full collection of our coronavirus-related content, visual insights from our "chart of the day," a curated collection of our first 100 articles relating to the coronavirus, our suite of tools to help leaders respond to the pandemic, and how our editors choose images that help readers visualize the impact of an invisible threat.